

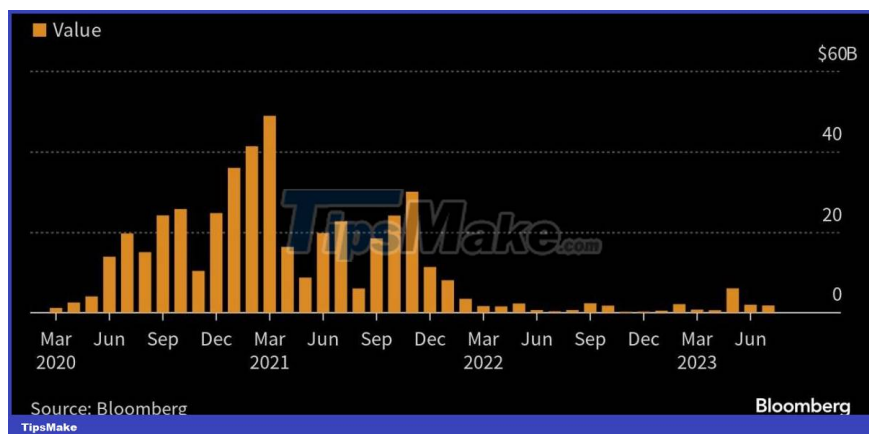
Nvidia sets the stage for ARM's IPO to drive the AI ??wave

The SoftBank Group-backed company must convince investors that its vision of becoming an AI player can drive growth, after sales stagnated in the semiconductor industry due to a chip glut.

Wall Street was overwhelmed by Nvidia Corp's "blockbuster" quarterly results, investors flocked to anything related to artificial intelligence, and money managers tried to make a profit later. more than 18 months languishing in the IPO market.

It is important for the SoftBank Group-backed company to convince investors that its vision of becoming an AI player can drive growth, after sales stagnated in the semiconductor industry due to overcapacity. excess chips.

The chip designer mentioned AI nearly 50 times in a filing detailing his ambition to be at the heart of his transition to a world increasingly dependent on AI and Machine Learning. This comes ahead of a proposed initial public offering next month, with plans to meet investors at a roadshow after Labor Day.



While Thursday's Nvidia-backed recovery was short-lived, the company has grown more than 230% this year and added more than \$820 billion in market value. This is partly because Nvidia is the company best positioned to benefit from the AI ??transition, which ARM is trying to accomplish, as the California-based chipmaker is just one in a row. their hundreds of customers.

Chris Smith, portfolio manager at Antero Peak Group of Artisan Partners, which has been doing oversight for more than three years, said: "I'm sure ARM is excited this morning because Nvidia has had a good quarter. Great. I'm sure that makes it a lot easier for them." "The actual exposure to AI at ARM is very low," he said by phone , compared with Nvidia and its peers.

Mr. Smith pointed out that the semiconductor market has grown significantly since 2016 when SoftBank acquired the company for \$32 billion. The company confirmed in a filing this week that it has acquired a 25% stake in ARM from its Vision Fund for \$16.1 billion, valuing the company at more than \$64 billion.

This sets the stage for ARM to break the US IPO ban, when it comes to AI prospects, while also looking to benefit from the year's profits for many of its customers. Since the start of the year, the Philadelphia Stock Exchange's SOX index is up nearly 40%, more than double the overall S&P 500 market index.

Since ChatGPT took the world by storm late last year, the market has been active as companies get exposed to AI. The market capitalization of smaller companies has more than doubled this year.

According to data compiled by Bloomberg, only \$14.4 billion has been raised through IPOs on US exchanges this year, less than last year and down 94% from the record year 2021. This provision appears to be designed to help fill a shortage that has kept companies idle while waiting for a more attractive environment.

Steve Sosnik, chief strategist at Interactive Brokers, said in a phone interview: 'If there's any company that is at the forefront of opening the IPO market, it's probably ARM'. "If we haven't reached the pinnacle of interest in AI, we're probably pretty close to that already, and it's definitely a lucrative time."

The absence of IPOs this year is inconsistent with market fundamentals. The major equity indexes, despite this month's losses, have returned to their April 2022 parity, while the VIX index gauge has remained below 20 since.

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